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The Commonwealth of Massachusetts
Industrial Services Program

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GOVERNOR

PAUL J. EUSTACE
SECRETARY OF LABOR

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SECRETARY OF ECONOMIC AFFAIRS

PATRICIA HANRATTY
EXECUTIVE DIRECTOR

To: Hon. Michael S. Dukakis
Governor, Commonwealth of Massachusetts

Members of the General Court

Over the last two years Massachusetts has enjoyed one of the lowest unemployment rates of any of the industrial states. However, some regions of the Commonwealth and some of its industries and their employees have continued to require special assistance, to ensure that the opportunity to succeed in the marketplace remains available for all who seek it.

Massachusetts built its industrial base during the 19th century on such major industries as textiles, foods, garments, shoes, basic metals, wood and paper products, as well as fishing, leather and chemicals. Today, many find themselves in declining markets, with outdated plants and equipment, and often impacted by foreign competition.

As a result of the "Mature Industries" legislation passed and signed into law in 1984, the Commonwealth is helping stabilize many of these older businesses. In conjunction with the offices of Economic Affairs Secretary Evelyn F. Murphy and Labor Secretary Paul J. Eustace, the Industrial Services Program is providing firms with consulting services to assist with virtually any operating problem, and with financial help that allows traditional companies to capitalize on profit making opportunities.

Thousands of displaced workers have also been helped to find new jobs at comparable wages, and programs are in place to help thousands more by the end of the current fiscal year.

The following report details how the Industrial Services Program is making new business and employment opportunities available to companies and workers alike.

Patricia Hanratty
Executive Director

October 17, 1985

084 / 289



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THE INDUSTRIAL SERVICES PROGRAM and

THE MASSACHUSETTS SOCIAL COMPACT

The Massachusetts Social Compact, a unique, voluntary agreement between business, labor and government was established as a result of the Mature Industries legislation.

The Compact acknowledges what top managers already know: good employers consider and respect their employees when making major changes in their work force.

Rather than create mandatory regulations for plant closings, the Mature Industries legislation sets forth principles of responsible corporate behavior. They include:

- good faith efforts to provide employees affected by plant closings and major layoffs the maximum practical combination of advance notice, continuance of income and health insurance benefits.
- providing re-employment help for displaced workers.

While no minimum standards of notice or pay in lieu of notice is required, the Commonwealth expects firms to provide at least 90 days notice or equivalent benefits whenever possible before a closing.

Firms must also agree to the Social Compact before they can seek public financing through the following agencies: Economic Stabilization Trust Fund, Community Development Finance Corp., Government Land Bank, Massachusetts Industrial Finance Agency, Massachusetts Product Development Corp., and Massachusetts Technology Development Corp.

The Massachusetts Industrial Advisory Board and the Industrial Services Program have been working on implementation of the Social Compact since January 1985.

The Mature Industries legislation was also developed to assist businesses and employees in declining industries. For businesses the new law provides a number of assistance programs, including financing for company turnarounds and funds for product development and consultant services.

The Industrial Services Program is the umbrella agency through which these programs are coordinated and administered. It is jointly supervised by the Secretaries of Economic Affairs and Labor, and operates as a statewide technical assistance and financing program to provide aid to businesses, workers and communities.

The Massachusetts High Technology Council has drawn up a document outlining responsible corporate behavior during any workforce reduction. Several other large business associations have distributed information about the Social Compact and are discussing it. While the Mature Industries legislation applies to companies with 50 or more employees, companies of all sizes are reviewing their policies to see how they can implement the Social Compact as evidence of their civic responsibilities.

Associated Industries of Massachusetts is discussing the Compact and will be presenting its findings to the organization's Executive Board this fall. The ISP is also working with Chambers of Commerce around the state to bring the Social Compact to local business people. Seminars for Chamber members have been organized, and local Chambers are doing general membership mailings on the Compact.

It has only been a few months since the Social Compact became effective, and yet a number of firms have demonstrated their commitment to its principles. Data General, Wang Laboratories, and General Dynamics, to name a few, have provided re-employment assistance to their workers and notice or pay in lieu of notice to ease the trauma of layoffs and closings. Data General and Wang also offered severance packages and salary continuances.

In plant closings which were certified by DES as covered by the Mature Industries law, a majority of workers did receive some advance notice and/or pay in lieu of notice. The largest plant closing, announced by General Dynamics in July and affecting 6,300 employees, provided the workers with up to 16 months notice and a well-staffed placement center.

The ISP has worked closely with management and the unions at General Dynamics to provide the best possible re-employment assistance. Over \$800,000 in state and federal funds has been provided for job training education and placement services. When combined with General Dynamics' own investment, workers will receive at least \$2 million in services in the coming year.

What the Commonwealth provides

The Commonwealth recognizes that some firms are unable, because of sudden, unexpected market or financial problems, to provide notice or pay in lieu of notice. So, it will step in when firms cannot assist their employees. The state program provides re-employment benefits, worker assistance programs and limited health insurance benefits.

The benefits programs are explained elsewhere in this report.

The governor's Commission on Mature Industries also recognized that firms sometimes need consultant services or financial help to get through difficult business cycles. It is the Commonwealth's responsibility under the Social Compact to provide assistance to those companies.

The best way to keep people working is to keep companies producing. To provide consultant services to firms and make more capital available to them, the Mature Industries legislation established the Industrial Services Program and its financing arm, the Economic Stabilization Trust Fund.

The ISP is staffed by experienced private sector managers who provide a variety of services, including financial advice, marketing assistance and vendor management. Any firm having difficulties can call ISP. All information and assistance is required by law to be kept confidential. The ISP is exempt from public information laws to insure confidentiality.

MASSACHUSETTS INDUSTRIAL ADVISORY BOARD

This gubernatorial advisory board was created to: "Advise the governor on issues and policy matters pertaining to the well being of industry in the Commonwealth." Along with this broad mandate, the MIAB has several specific tasks:

- * Oversee development of and make recommendations to improve the Industrial Services Program
- * Monitor implementation of the Social Compact.
- * Advise on industry wide assistance programs.
- * Advise the director of DES in the analysis of plant closings and the development of a definition of a "partial plant closing."

Following is the board membership as of August 31, 1985:

Evelyn F. Murphy, Secretary
Exec. Ofc. of Economic Affairs
One Ashburton Place, Rm. 2101
Boston, MA 02108

Charles McKay
Vice President
Foxboro Company
Neponset Avenue
Foxboro, MA 02035

Michael Lanava
Fitchburg Industrial
Development Commission
718 Main St., City Hall
Fitchburg, MA 01420

Ronald Alman
Int. Ladies Garment Workers
33 Harrison Ave.
Boston, MA 02110

Charles Housen
Erving Paper Mills
47 East Main St.
Erving, MA 01344

Paul J. Eustace, Secretary
Exec. Ofc. of Labor
One Asburton Place, Rm. 2110
Boston, MA 02108

Lynn Browne
Vice President
Federal Reserve Bank
600 Atlantic Avenue
Boston, MA 02106

Edward Dugger III
Urban National Corp.
195 State St., Suite 700
Boston, MA 02109

George Carpenter
Secretary-Treasurer
Mass. AFL-CIO
Eight Beacon St.
Boston, MA 02110

INDUSTRIAL SERVICES PROGRAM and ECONOMIC STABILIZATION TRUST

The Industrial Services Program is integrally joined with the Economic Stabilization Trust because they share an executive director, staff and office space. In reality, the Trust is designed to be the financing arm of the ISP's Business and Financial Services Division.

This is how the programs work together:

The division staff provides consultant services to evaluate a troubled firm's difficulties. Along with the management or owners of the firm, the staff prepares a remedial business plan which may include management, production, product and/or marketing changes often requiring an infusion of capital.

The division staff evaluates the company's chances of survival under the plan, and judges its status as an important employer in the community. The company is then assisted by ISP, in conjunction with other public agencies, in applying for Trust funds.

The division's director and finance officer evaluate the plan and the funding request and recommend it to the Trust with stipulations. The Trust approves the business plan and the funding request.

A similar process could be followed with a new owner or a proposed employee buyout. In each case, the goal is the same: keep the firm operating and the staff employed for a substantial period of time. The Trust does not fund firms which are continuing for a short period of time and have no or little long-term viability.

Following is the membership of the board of the Economic Stabilization Trust as of August 31, 1985:

Evelyn F. Murphy, Secretary
Executive Office of Economic Affairs
One Ashburton Place, Rm. 2101
Boston, MA 02108

Paul J. Eustace, Secretary
Executive Office of Labor
One Ashburton Place, Rm. 2110
Boston, MA 02108

Alex Aikens, Vice President
Loan Review Division
Bank of Boston
100 Federal St.
Boston, MA 02106

Cliff Carlson
Bank of New England
PO Box 191
Fall River, MA 02722

Harold N. Cotton, Chairman
Madison Wire & Cable
125 Goddard Memorial Drive
Worcester, MA 01603

Assistance to Companies

The Business and Financial Services Division of the ISP is responsible for providing both financial assistance (through loans and loan guarantees) and management consultant help to troubled companies. As can be seen from the cases below, the form and extent of assistance varies greatly.

Forty-four companies have received technical and consulting help. The majority are in areas of high and persistent unemployment. Inadequate management is the largest single cause of business decline.

SUMMARY OF COMPANIES *

<u>INDUSTRIES</u>	<u>Number</u>	<u>---</u>	<u>GENERAL AREA</u>	<u>Number</u>
Metal products	7		Southeast	13
Textiles	11		Springfield	7
Machine tools	4		Boston	3
Fishing	3		Northeast	2
Shoes	1		Lawrence/Lowell	4
Boat building	1		Fitchburg	8
Paper and printing	7		Northwest	2
Glass and plastic	3		Worcester/	5
Foods	2		Berkshire	
Leather	1			
Vehicles	1			
Transportation	1			
Wood	1			
Wire	1			

IMPORTANT REASONS FOR INVOLVEMENT

Poor Management	14	Insufficient	2
Environmental	3	Equity	
Declining Markets	8	Employee Buyout	2
Foreign Competition	9	Financial	6
Buyout	3	Start up	2
Govt. Contract	1	High Cost of Region	6
Cancelled		Business Planning	3

* Chapter 208 of the Acts of 1984 requires that the names of the companies be confidential

CASE HISTORY #1

A Southeastern Massachusetts fishing company, with 110 employees, was in precarious financial condition because of unwise spending for equipment. As a result, the company found itself without working capital.

Although it had been profitable for eight of the last ten years, the company suffered record losses this year, further depleting its working capital. Without a new source of cash, the company would have closed by mid-summer 1985.

The EST's first loan has been made to the company in conjunction with the company's bank and the Massachusetts Business Development Corporation. The bank released some of its collateral while the EST provided \$150,000 and MBDC provided \$550,000.

The cash has quickly been consumed in reducing arrears to the bank -- approximately \$80,000; equipment to upgrade one vessel -- \$100,000; and arrears on marine insurance -- \$125,000. The balance of the funds has been consumed by continuing losses and small payments made to trade credit.

There is a very high risk this company will close.

CASE HISTORY #2

A Central Massachusetts manufacturer, founded in the mid-20s and known for its high quality products by the mid-40s, experienced small losses from 1977 to 1980. In 1981, the company lost \$1.1 million. Faced with continued industry softness and mounting pension plan expenses, the company terminated its pension plan and filed for reorganization under Chapter XI in September 1982.

The following year saw protracted negotiations with a union and a subsequent strike. A continued decline in the industry and the company's now-inefficient production due to outdated equipment, contributed to continued losses in 1983 and 1984. The company also reported a \$42,000 loss for the first six months of 1985. The company employs 170, mostly production workers in their 40s and 50s who have been with the company more than 20 years.

The purchase of new equipment was proposed and partially implemented. The success of a turnaround depends on the company's ability to sell the increased production made available by the new equipment. There is reasonable evidence such sales will materialize at competitive pricing.

Over the next two years, as the new equipment comes into increasing use, company management will shift some production toward more difficult higher margin products.

CASE HISTORY #3

A well-known Western Massachusetts manufacturer was technically insolvent at the time of the ISP's first contact in May. The company had negative stockholders' equity of \$3.3 million and current liabilities exceeding current assets by \$4.5 million. The ISP assigned a fulltime consultant at state expense to help save this important employer of over 400 people.

Both short and long range actions were implemented. The immediate problem was lack of cash. While the company needed additional equity and/or additional outside financing, it was imperative that it improve management of accounts receivable and payable.

At ISP's insistence, the company accelerated its receivables, and brought in over \$750,000 to ease its cash crisis. In the payables area, ISP urged the company to be free and open with its suppliers, to inform them of the company's most significant problems and expected solutions. ISP also interviewed and arranged the hiring of a competent accountant to control this key area. Continual supplier support was, and is, essential to the company's survival.

ISP assisted the company's accountants in filing for a Massachusetts tax rebate of approximately \$450,000. ISP staff arranged immediate meetings with the Department of Revenue's tax abatement section, but the petition for the rebate was denied. The company is appealing the ruling.

ISP's involvement had a positive effect on the company's bank's attitude and actions towards the company.

While these short-term efforts were going on, ISP played a key role in pulling together and presenting a refinancing package to three financial institutions. Although loans were not immediately available, the banks are still interested, and are waiting until the company's year end at 10/31/85 to consider becoming the company's principle lender.

ISP is also active in securing new owners for the company. Two qualified buyers are evaluating the potential. We have convinced the company it needs a top financial officer, which it is about to select.

The company remains in grave condition, but continues to operate profitably -- due in part to ISP involvement. This is still an active project.

CASE HISTORY #4

This is a large mill operation using generally out-dated spinning machinery to produce specialty natural fibre yarns. A subsidiary purchases the specialty yarns from the mill and other domestic and foreign sources for sale to retail outlets that sell yarns for the home knitter. The subsidiary also operates a retail store in the mill.

Located in the northeastern part of the Commonwealth, the company invested \$60,000 in office renovations for the subsidiary, virtually wiping out working capital. This appears to have been a bad decision.

Advisory and consulting services were offered the company. With the potential for a substantial Japanese order, assistance was arranged with International Trade and Japanese export. MISDC was brought in to consider an offering of \$150,000 to ease the working capital strain.

The company did not have the ability to translate its knowledge of trading markets into new ways of thinking about old problems.

ISP assistance is in the early stages, and it would be difficult to predict the outcome. However, the program's guidance has given the company new perspectives, and has enabled it to become certified for assistance by the New England Trade Adjustment Center.

International Trade has also offered help in negotiating a contract with a Japanese firm. In the event loan funds are necessary, the company is also aware of sources it was not previously aware of.

RE-EMPLOYMENT ASSISTANCE PROGRAMS

The changes experienced by the American economy since the late 1970s have called attention to a new employment problem - the displaced worker.

Displaced workers are individuals who lost their jobs due to plant closings, major layoffs, or decline of their industries. These workers often have advantages in finding new jobs: their skills and work experience make them valuable employees.

However, many face serious barriers to finding new employment. Some did not need a high school diploma to obtain their previous job. Now they need one to land a new position. But, even with a diploma, some displaced workers lack basic literacy skills, preventing them from finding better-paying jobs.

Others lose their jobs in areas that already have a high unemployment rate, or where there are no openings in similar occupations. And, there are those who face age, gender or linguistic barriers.

The purpose of the Re-Employment Assistance Programs is to help displaced workers quickly find new jobs at comparable wages. Between January 1984 and August 1985, 6190 displaced workers have been enrolled in the programs, and plans call for another 6170 to be served by July 1986. Seventy-four percent of the participants who completed the programs found new jobs with an average placement wage of \$6.52.

Displaced worker centers assess an individual's skills, interests, job prospects and potential employment barriers. The worker then receives information on program options and help in developing a plan that can lead to a new job. To incorporate the workers' perspective in the program, an individual from the affected workforce may be hired on the project staff.

Workers receive both individual and group job search assistance, including help in preparing resumes, uncovering the hidden job market, perfecting interviewing skills, and building confidence. Ninety-one percent of the current participants are enrolled in some type of job search activity.

Twenty-one percent of the participants in worker assistance centers are enrolled in training or educational programs. They have a range of courses available to them, including English as a second language, high school equivalency exam preparation, computer operations, machining, office automation and word processing.

Other support services are also available. Eye exams and glasses have been provided displaced workers taking classes who found they could not read certain materials. Stress reduction workshops and personal counseling about drug use and spouse or child abuse are also available.

Older workers have also gained new help through pre-retirement workshops that give advise on financial planning, social security, housing options and community support organizations.

Currently, 17 worker assistance centers are operating throughout the Commonwealth. Seven more worker assistance center projects have been completed, and four are being developed.

Following is a description of programs throughout the state:

<u>Location</u>	<u>Type of Program</u>	<u>Number Served</u>
BERKSHIRE		
Pittsfield	*Long-term unemployed	443
North Adams	*Plant closings and layoffs (Sprague Elect., Berkshire Tanning, X-Tyal, Mohawk, Deacon Plastics, Deerfield Speciality Papers)	600
Adams	*Plant closing (Adams Print Works)	145
subtotal		1188
BRISTOL		
Fall River/ Taunton	*Long-term unemployed	300
Brockton	*Long-term unemployed	300
New Bedford	*Long-term unemployed	809
Taunton	*Plant closing (Parker Bros)	242
subtotal		1651
FRANKLIN/HAMPSHIRE		
Athol	*Plant closing (Union Butterfield)	110
Greenfield	*Plant closing (Bendix, Ingersoll-Rand, Kendall)	200
Easthampton	*Plant closing (Lesnow)	100
subtotal		410
HAMPDEN		
Springfield	*Long-term unemployed	762
	*Plant closing (Easco Hand Tools)	220
Monson	*Plant closing (Church Seat)	95
subtotal		1077

SUFFOLK		
Charlestown	*Plant closing (Revere Sugar, Schrrafts)	638
	*Plant closing (multi- plant)	350
Chelsea	*Plant closing (Sweetheart Paper)	250
Cambridge	*Plant closing (ECA)	175
subtotal		1413
MIDDLESEX		
Marlboro	*Plant closing (Marlboro Shoe)	135
ESSEX		
Lawrence	*Long-term unemployed	474
WORCESTER		
Gardner	*Plant closing (Harrington- Richardson, Van Huffel, Fitchburg Paper)	223
Clinton	*Plant closing (VanBrode) (Completed)	50
Worcester	*Long-term unemployed	433
Milford	*Plant closing (Milford Shoe, Foster Forbes Glass, Anthony Roberts)	256
subtotal		962
NORFOLK		
Quincy	*Plant closing (General Dynamics)	4300
TOTAL		11610
To be served in projects being developed		750
GRAND TOTAL		12360

Funding

For the January 1984-August 1985 period, \$6,828,258 has been obligated in state and federal funds for programs designed to help displaced workers find new employment opportunities. In addition, the state has pending obligations of \$500,000 -- bringing the total to \$7,328,258.

Displaced Worker Assistance Centers

To attract participants, Displaced Worker Assistance Centers, or WACs, must find ways of identifying and reaching the long-term unemployed. This outreach has been managed in a variety of ways: flagging claims of long-term unemployed at the unemployment office and referring those workers to the programs; locating drop-in centers in convenient sites, using unions to contact members, making public service announcements, and telemarketing.

Existing programs have become more effective in each of these outreach methods. Word-of-mouth and local publicity have also helped attract participants.

One example of a WAC is the New Bedford program. It has two community-based centers: the United Auto Workers storefront downtown, and the P.A.C.E. community center location. Each center reaches a different clientele. At the U.A.W. site, the emphasis is on former union members. It is staffed by union people, does outreach to union and blue collar workers and gets some passerby traffic.

The P.A.C.E. site is more directed to the Portuguese community and to lower paid retail employees. It operates out of a community center in a lower income Portuguese neighborhood and offers both re-employment assistance and broader social services.

Both sites offer two three-week job search workshops (P.A.C.E. has developed a Portuguese version which it is now implementing). In addition, both the U.A.W. and P.A.C.E. centers rely on the Division of Employment Security to refer clients who have been unemployed for 15 weeks or more. Job training referrals can be done by both sites.

The New Bedford program has been one of the most successful in the state. By serving several client groups, offering reemployment assistance, job training, workshops and access to energy assistance, mental health services and peer support, it has played an important role in lives of more than 600 people in less than two years. Union and community involvement has helped make this program work.

Emergency Assistance Centers

Emergency Assistance Centers (EACs) are developed on an "as need" basis. The length of the program, usually six to twelve months, depends on the specific situation. The staffs of these centers vary from project to project, making it difficult to compare projects' outreach capacity over time or with each other. The particulars of a closing or layoff, such as amount of notification, labor market conditions, and size of the affected workforce, also shape outreach efforts.

Some project staff is hired from the laid-off workforce. These individuals are friends and peers of the other dislocated workers and have proven extremely valuable in bringing people into the program and identifying both the skills, problems and potential job matches for these workers.

Care is also taken to select sites at the company, in the union hall or close to the plants to be most effective in contacting and attracting the displaced workers.

A good example of a successful plant closing project is the recently-completed Revere Sugar program at Bunker Hill Community College. The program brought together a range of state and local agencies to serve 250 dislocated by the Charlestown closing.

An important component in the success of the center was active union involvement. The former president of the union, a knowledgeable and qualified man, was hired as the project's coordinator. With help from Economic Affairs, Labor and the JTAA agencies in Boston and Cambridge, he held meetings to inform workers, did a questionnaire on training and education needs, organized telephone banks to get people interested in the center, and generally acted as the workers' ombudsman.

As a peer, he was both better able to see the problems and red tape of the program (and help fix them) and give people confidence in this new program. The result was a very responsible, innovative center which served more people at higher levels than anyone expected. When the project ended, it placed people at an average wage of \$8.81 per hour.

Worker assistance
Two case histories

William M. (not his real name) held various jobs during his 37 years at Revere Sugar Corp. When the plant closed, William was a salaried laboratory technician earning \$425 a week.

William first attended bartending school as part of Bunker Hill Community College's free tuition waiver program for former Revere employees.

Subsequently, he enrolled in the Revere Worker Assistance Center, which arranged for him to take a 16-week culinary art class at a major Boston hotel. After his first and only interview, William, 58, landed a job as a \$380 a week chef at a convalescent home.

At the age of 23, Walter K. (not his real name) was a veteran with extensive munitions experience. Once employed as a general laborer with a Southeastern Massachusetts nursery, Walter wanted to live where he could use his munitions background.

The UAW Worker Assistance Center in New Bedford assisted Walter in researching oil company occupations. The center's program also helped him develop a resume that highlighted his extensive munitions background, while building his confidence and self-esteem.

Today, Walter is employed by a major oil company as a trouble shooter on offshore oil rigs. The company is sending him to school, which he attends five hours a day while working five hours a day.

COOPERATIVE REGIONAL INDUSTRIAL LABORATORY

One of the most innovative of the re-employment assistance programs is the Cooperative Regional Industry Laboratory (CRILs). CRILs address existing and potential regionally-concentrated unemployment related to a particular industry, and develop job creation strategies. This model has been developed because of the wide diversity of regional economic experience that exists across the state.

While the Massachusetts economy is generally healthy, several regions continue to have one or more mature and declining industries that represent a large part of the employment base for many cities and towns. As a result of severe economic changes, large numbers of skilled workers have experienced dislocation and remain long-term unemployed.

This pattern is most distinct in the machinery, textile, apparel and shoe industries. In other regional industries, employment fluctuates with the economy (shipbuilding, lumber and furniture), or according to seasonal patterns (fishing, tourism, and construction). While the "boom" periods in the economic cycles of these industries can bring employment and economic stimulation, the "bust" periods increase unemployment and drain local resources.

CRILs are designed to draw on the skills of unemployed workers, management talent, and the physical assets from the mature industries that exist in a region. Unemployed and underemployed skilled workers document the skills of the existing workforce and oversee research of the regional industry and the area's economy to determine what potential there is for the creation of new job opportunities.

Currently, there are four CRIL programs located throughout the state: the Machine Trades Action Project in Franklin County; the Wood Processing Project in the Hilltowns; the Needle Trades Action Project in Fall River; and the North Adams CRIL focusing on general industrial decline in the Northern Berkshires. Following are descriptions of two of the projects:

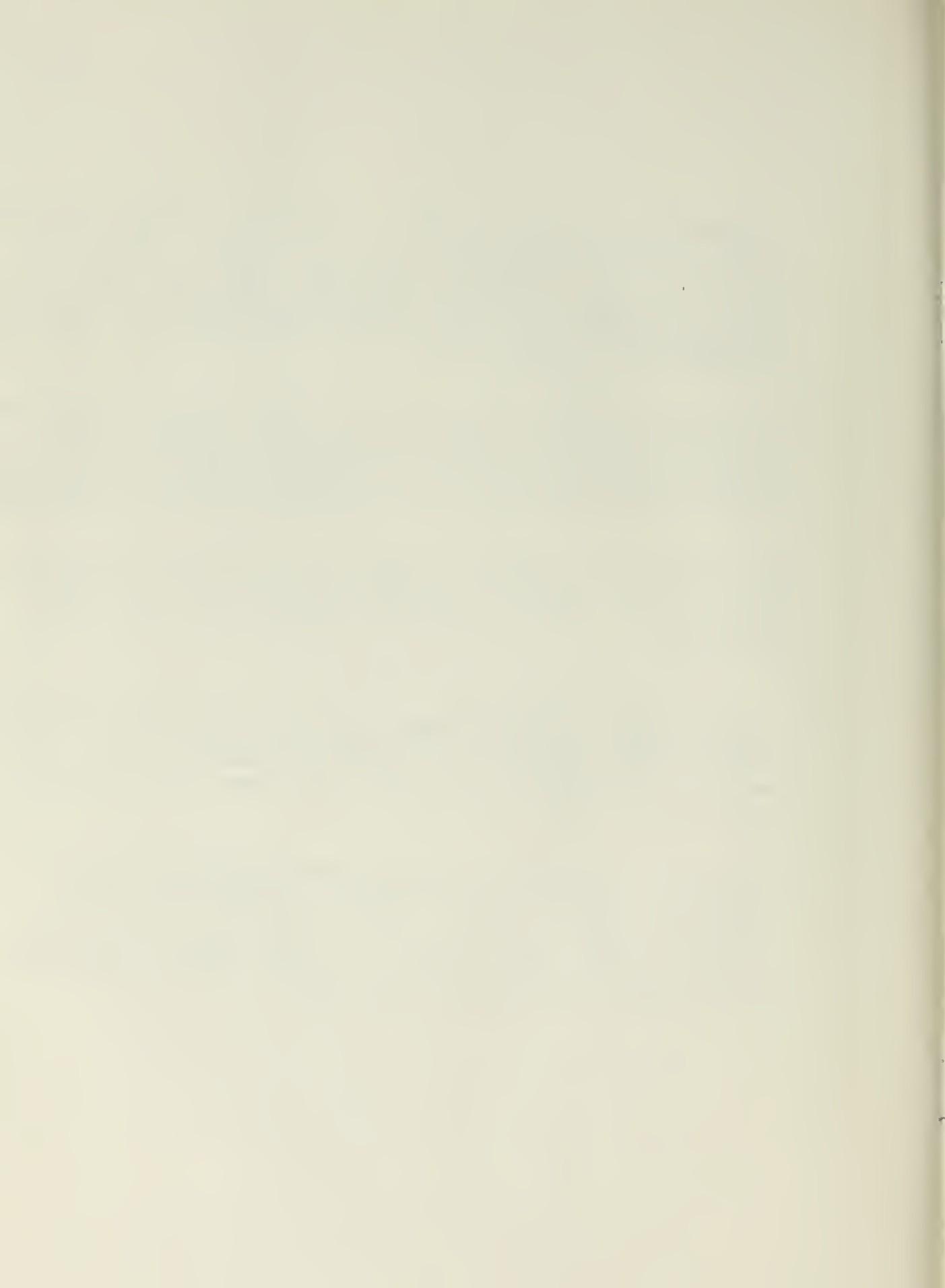
Machine Trades Action Project - Centered in Greenfield, MTAP began in Spring 1984 as the first CRIL project. The project grew out of the severe loss of skilled machinists jobs from cutting tool manufacturers in the area. The first year was spent developing a workforce profile, surveying local machine trades firms and their needs, completing an incubator study and developing new product ideas.

The workforce skills inventory has become a powerful marketing tool in attracting potential employers to the area. The research on local firms and the incubator study uncovered specific employment, subcontracting and technical assistance needs that the project was able to match with local resources.

The second year of MTAP is concentrating on implementing new product ideas, aggressively marketing the local area, and continuing to provide technical assistance to assist local employers.

Needle Trades Action Project - Southeaster Massachusetts has long been a center of the apparel and textile industries. However, in recent years international competition, technological changes, and fluctuating demand has increased unemployment within the industry.

NTAP, which began in June 1985, brought together local employers, unions, and the community to develop projects addressing industry needs. Projects are developing on marketing, training, child care and financing. The program intends to spend the next year providing technical assistance to local firms and multiskills training to the workforce to help stabilize employment in the area.



RE-EMPLOYMENT ASSISTANCE BENEFITS FUND

This supplement unemployment insurance benefits program is administered through the Division of Employment Security, which is responsible for developing regulations and procedures and certifying eligibility for the program.

During calendar year 1985, only employees laid off by a plant closing affecting 90 percent or more of the firm's workforce will be eligible for benefits. Beginning January 1, 1986, "partial plant closings" will be certified by the Director of DES pursuant to a definition developed by her during the first program year.

As a result of these "eligibility" changes, there will probably be a substantial increase in the number of people receiving the benefits in 1986. In order to receive benefits, workers must be part of a worker assistance program, if available.

From January 1984 to August 1985, \$1,052,523 in re-employment assistance benefits has been paid directly to 1,919 individuals. Weekly checks averaged \$73.72, and were available for an average of 10.95 weeks.

Eleven health insurance claims, totaling \$1,726, were paid for workers whose health care coverage was extended for three months after their termination. Such health insurance extensions are paid for by the state only for individually purchased plans and firms that have been closed due to bankruptcy.

HEALTH INSURANCE BENEFIT FUND AND INSURANCE LAW CHANGES

The Health Insurance Benefit Fund, like the Re-Employment Benefit Fund, is administered by DES, and provides a subsidy for the purchase of health insurance to laid-off workers. Only workers whose plants have been declared eligible for Re-Employment Assistance Benefits can receive Health Benefits. Two classes of workers are eligible for Health Benefits:

1. Employees who, while employed, directly purchased their own health insurance (not a company group policy) and who cannot be covered by a family member once laid off from their job.
2. Employees who were insured by a group health plan but who lost it when their firm "closed under the provisions of the Federal Bankruptcy Act." This does not include reorganization bankruptcy proceedings.

The Health Insurance laws have also been changed to extend 13 weeks of benefits to workers dislocated by a closing. The change applies to group health insurance policies written, renewed or altered since January 1, 1985. Therefore, the extended benefits will be phased in as group health insurance policies are renewed or altered in 1985 and beyond.

ECONOMIC MONITORING

The Mature Industries legislation requires that economic monitoring and research be conducted on a regular basis. A data book which profiles the entire state and its regions must be produced and distributed annually. In addition, the Secretary of Economic Affairs must submit an annual report on the state of the economy to the legislature and the governor.

Research conducted in several state agencies, including DES and the Department of Commerce and Development, must be coordinated both to produce the data book and report and to develop an early warning system which will identify industries, regions and firms which will be adversely affected by emerging economic trends.

